

TEACHERS' RETIREMENT BOARD  
BENEFITS AND SERVICES COMMITTEE

---

SUBJECT: Level of Service Standards

ITEM NUMBER: 8

ATTACHMENT: 1

ACTION:     

DATE OF MEETING: June 6, 2002

INFORMATION:   X  

PRESENTERS(S): Cynthia Steiger

---

### **EXECUTIVE SUMMARY**

The Level of Service report provides the Benefits and Services Committee with the necessary information to fulfill its oversight responsibility regarding the delivery of benefits and services to CalSTRS members.

At the May 2002 meeting the Benefits and Services Committee requested staff to provide a comprehensive report on the status of service and benefit delivery backlogs. The following information fulfills this request. In summary, staff are pleased to report that the planned backlogs created by the database conversion will be affectively eliminated by fiscal year-end. A relatively new backlog related to the purchase of service is being addressed in a separate item.

The Committee may recall that the Downtime Recovery Plan (as revised), initially scheduled the backlogs to be eliminated around September 2001 – February 2002. However, our ability to achieve this objective was contingent on START functionality and did not consider the State freeze and other unplanned events. All-and-all, staff's progress in addressing this workload is to be commended.

It should be noted that although the programs will be on a "flow basis" the impact will not be realized by our members until the end of the fiscal year. Unfortunately, we will continue to see residual complaints from members dissatisfied with their service.

This is a major milestone and please join staff in recognizing their accomplishments. We also recognize that service stabilization is only the first step to future opportunities to making CalSTRS best in class.

### **I. Service Retirement Division**

The Service Retirement (SR) Division strives to insure a continuous stream of income as the member transitions from employment to retirement. SR is responsible for determining benefit eligibility, accurate calculation and timely processing of retirement allowances and subsequent allowance adjustments. Other responsibilities include processing of

approximately 7,000 refunds per year, post-retirement earnings increases, and providing deduction services, such as for health insurance and union dues. The analysis of implementation of the majority of legislative proposals and statutory changes are coordinated by this program. The Partial Lump-Sum Benefit, effective April 1, 2002, is also administered by SR and will add significantly to the workload in this area. In addition to the above, SR is also responsible for the following:

- Processing requests to reinstate to active member status,
- calculating allowances for members who have multiple retirements,
- calculating disability allowance to service retirement conversions,
- calculating option changes after retirement,
- responding to complex inquiries from members, employers and other stakeholders,
- processing adjustments to quarterly purchasing power payments,
- processing adjustments to ad-hoc benefit increases,
- processing deductions for insurance premiums including Medicare Part B, organization dues, court orders, and tax levies, and,
- monitors post-retirement earnings and processing exemptions to the earnings limitation.

#### **A. Objectives/Timeframes**

Our first objective is to process one hundred percent of all service retirement application payments within 30 days of the retirement effective date or receipt of all necessary information, whichever is later. Historically, we have met or nearly met this production objective. Currently, ninety-nine percent of initial payments are being processed within 30 days, resulting in no disruption of cash flow for CalSTRS members.

Our second objective is to complete one hundred percent of all final service retirement payments within 45 days of receipt by the CalSTRS of all necessary information. Historically, we have met or nearly met this production objective. Currently, ninety-nine percent of all payments are being processed within the 45-day period.

The third objective for the Service Retirement Division is to finalize ninety percent of all service retirement allowances within 4 months of the benefit effective date. Historically, we have met or nearly met this production objective, however, we encountered difficulties in meeting this objective for members who retired in 2001. This objective was met for the first time since the database conversion for members who retired during the month of October 2001. We have also met this production objective for November 2001 and December 2001 cases, and we expect to continue meeting this production objective in the future.

In addition, the Service Retirement Division implemented AB 2456, Partial Lump-Sum, which allows members to receive a portion of their retirement benefit as a one-time payment in exchange for a lower monthly retirement allowance for life. Eligible members are those who retire on or after April 1, 2002, but before January 1, 2011, and are at least

age 60 on their retirement date. The Partial Lump-Sum implementation was completed on April 29, 2002, and staff training has been completed.

## **B. Status on Backlogs**

The Service Retirement Division experienced a backlog with respect to finalizations of allowances for members who retired during the period of January 1, 2001, through September 30, 2001. This was an expected backlog due to the implementation of START. As of January 1, 2002, approximately 5,500 allowances were not yet finalized. As of May 17, 2002, approximately 1,000 allowances remain to be finalized. We have been able to maintain the finalization production objective while reducing this backlog significantly. We expect to have the backlog eliminated by June 15, 2002, at which point we will be working on a flow basis. The majority of member inquiries involve cases that have not been finalized, therefore, bringing the backlog to closure will reduce the number of member inquiries.

## **C. Causes/Challenges and Solutions**

The Service Retirement Division faced many challenges in the last fiscal year and has successfully established resolution in the last 12 months. Challenges include:

- **START** - The conversion to START delayed the processing of service retirement allowances. To date, many of the START issues encountered in 2001 have been resolved. In conjunction with our Information Technology Systems Division, SR is assisting in the development of solutions for implementation of legislation and enhancements to promote increased efficiency and productivity.
- **Staff turnover** - High staff turnover has also been an issue in SR, further complicated by hiring freezes in May 2001 and October 2001. To date, the exemption process has allowed hiring to continue, and the SR technical staff positions are now fully staffed. Hiring for four vacant analytical positions is in progress, with staff expected to start by July 1, 2002.
- **Volumes** - The calendar year 2001 marked the first time in CalSTRS history that more than 9,000 members filed for service retirement. In total, 9352 members retired in 2001, an increase of 25% compared to calendar year 2000. We are projecting that approximately 9,100 members will retire in 2002. A combination of enhancements to the START database and review of resource allocations is being analyzed at this time.

## **D. Future Considerations**

In order to meet our production objectives, the following items provide continuing challenges and opportunities for change:

- **START Stabilization** – Opportunities exist to streamline the reporting process to minimize multiple adjustment letters and other changes to the START calculator to provide more timely calculation of the member's allowance in a efficient manner.
- **Assembly Bill 131** – The extent to which members will rollover 403(b) monies to purchase defined benefit service credit after retirement affects the processing of an accurate benefit in a timely manner.
- **Partial Lump-Sum** – The extent to which members choose this program will increase the amount of time to input and calculate the member's ongoing allowance.
- **Creditable Compensation** – Effective July 1, 2002, changes in creditable compensation will affect the calculation of a member's allowance. Employers will be required to report compensation that was not previously creditable and the calculation of the members' allowance will be more complex.
- **Defined Benefit Supplement Program** – All members who performed creditable service on or after January 1, 2001, have monies on deposit in the defined benefit supplement program. These funds are available at retirement and the various alternatives regarding distribution of these funds will impact the SR workload.

## **II. Survivor Benefits Division**

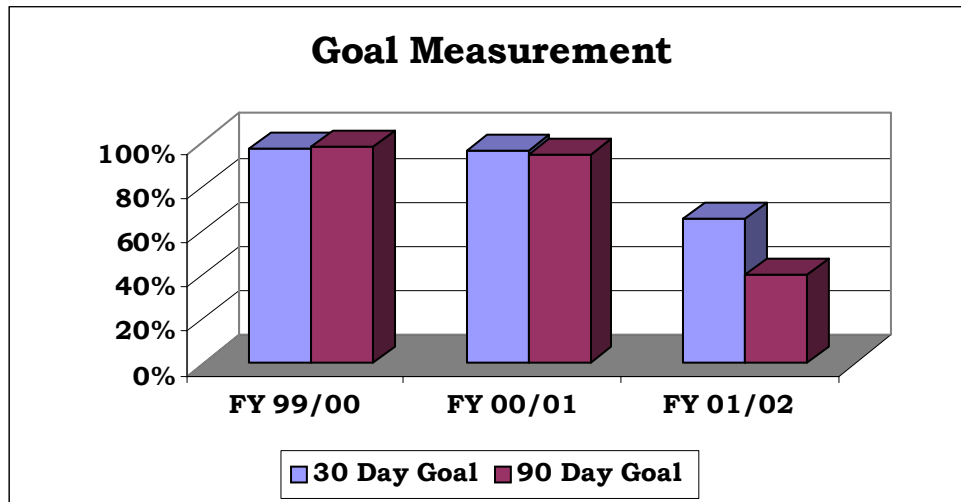
The mission of the Survivor Benefits (SB) Division is to exceed our members' expectations by providing the prompt and accurate payment of benefits to our clients in a caring and sensitive manner. SB is responsible for determining eligibility for death benefit, family allowance, and survivor benefits payments to the survivor and beneficiaries of deceased members who die pre or post retirement. Most notifications of death of our members or option beneficiaries are instigated by either a telephone call to our Public Service Office or by correspondence. Approximately 400 to 550 new notifications are reported per month of which about 90 percent are post-retirement deaths and 10 percent pre-retirement deaths. Processing activities begin with the receipt of the death notification.

### **A. Objectives/Timeframes**

SB's first objective is to complete 95 percent of all cases within 30 days of the receipt of the last required document. While the law states that completion of the case and payments must be made within 45 days of the receipt of the last required document, a few years ago we chose to further challenge ourselves and aim for 30 days. This goal was met for the past two years until implementation of the START system triggered a slow down in case processing. The numbers are decreasing and we are close to meeting that goal once again.

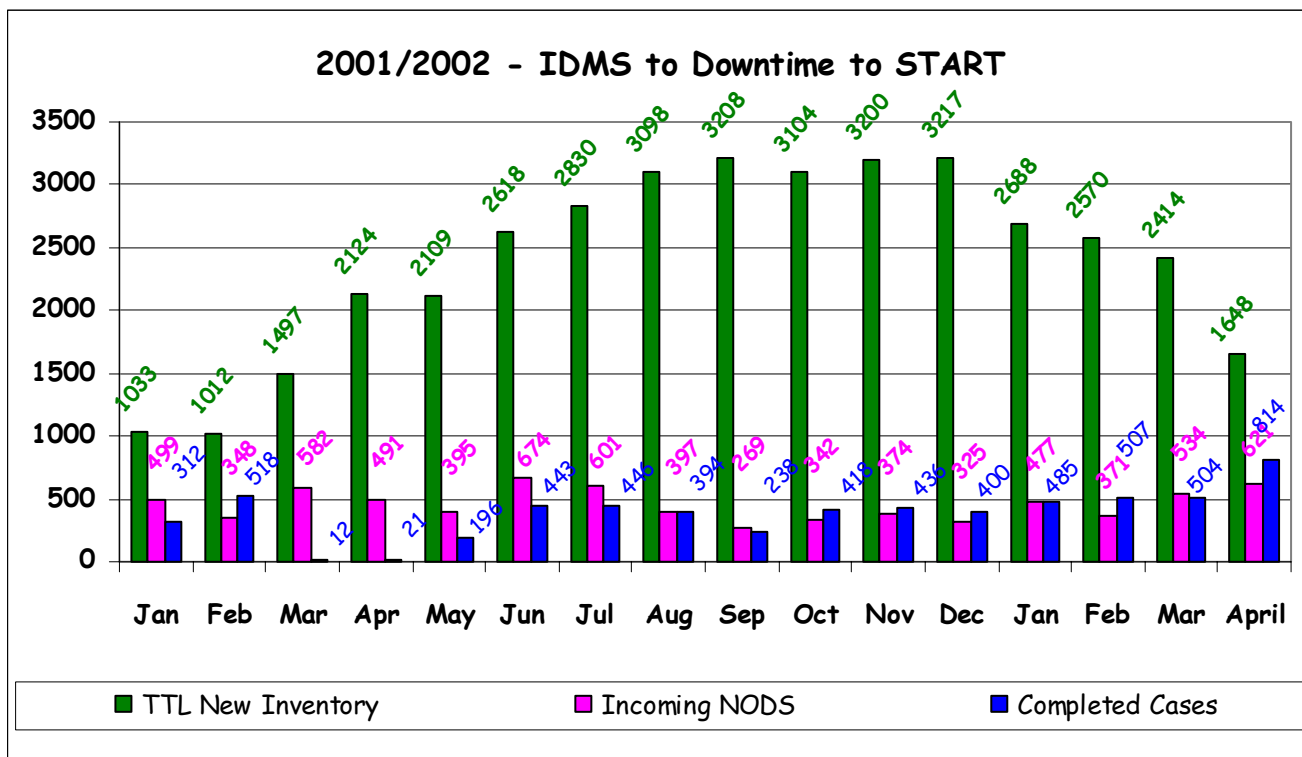
Our second objective is to complete 95 percent of the death benefit payments on new retired cases within 90 days of receipt of the notification of death. This goal took a very direct and hard hit because of the START ramp-up and resulting backlog of cases. The amount of new cases pending completion has decreased significantly in the past couple of months due to our concentrated efforts and mandatory overtime hours.

The following chart shows our past and current status in obtaining these goals:



## B. Volumes

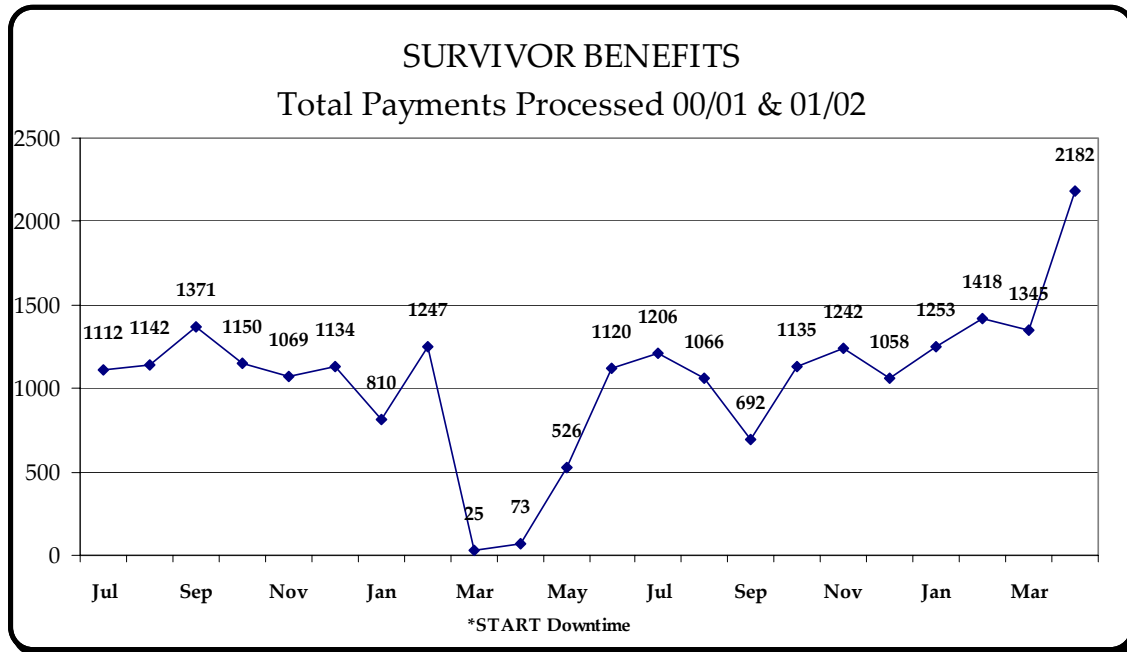
The next chart displays the volume of incoming notifications, completed cases, and current inventory status for the past sixteen months. It is clear that we are now ‘over the hump’ and heading for a more even keel in our workload volumes.



### C. Status on Backlogs

As a result of mandatory over-time, the Survivor Benefits Division has made steady progress in overcoming the backlog resulting from START ramp-up. The Technical Support Unit is now working on a flow basis meaning they are preparing all new notifications of deaths as soon as they are received in the unit. The caseworkers are still being challenged to decrease their caseloads as quickly as possible to serve our clients' needs in a timely manner. In spite of the extended overtime, they persevere in making strides to bring the Survivor Benefits Division back to normalcy. It is our continued plan to be back on a flow basis by the end of this fiscal year.

The following chart exemplifies our efforts in getting the clients paid and cases completed. Each case averages three payments per beneficiary. Many cases have multiple beneficiaries so the number of payments can easily reach nine payments per case.



### D. Causes/Challenges

The Survivor Benefits Division has had many challenges in the past 14 months.

- The conversion to START had a major impact to the processing of the notifications of deaths. Immediately after conversion the Division had a backlog of 1,500 new notifications of deaths to be entered on the system. There were another 1,400 cases that were not completed when the system was shut down and could not be processed further while there was no system available.

- When the new START system went live, the Survivor Benefits Division began by entering only a few cases. The entry of a notification of a death is a major action in the START system and was tested on a small scale prior to full implementation. With this slow ramp up it took the Division another month to enter all of the outstanding notifications. Meanwhile there were another 400+ new notifications that came in for that month.
- Staff training was extremely difficult, as the system integration points were not working as expected. Staff could not enter a payment without many hours of effort and with more than one worker focusing on the task. Processing anything on the system was very slow and frustrating for the staff.
- The Survivor Benefits Division had many START design issues and/or problems and work-arounds were put in place to get payments on the system. This meant that some cases were worked off-line in a totally manual environment. With each fix to the system, all off-line manual payments have to be entered on the system so that the cases could be calculated automatically. The Division still has many work-arounds and cases that have to be calculated manually each month. START fixes will significantly enhance the processing of cases in this area.

#### **E. Future Considerations**

- Re-engineering efforts to begin in the Technical Support Unit to improve the processing of all the mail that comes to the Survivor Benefits Division.
- Staff will evaluate the impact of the additional work associated with the processing of the DBS benefits.
- An imaging solution is expected to bring a great deal of efficiencies to the Technical Support Unit.
- Continued efforts to simplify benefit processing.

### **III. Disability Services Division**

*We are fearless explorers aligned in creating an intelligent, trustworthy environment that nourishes ourselves and others.*

In Disability Services Division we believe in the importance of maintaining ourselves so that we can provide better service to the CalSTRS members. We continue to work hard at improving the services that we provide. To accomplish this task, we have made many changes over the last several years, including reengineering our processes, converting to an electronic work environment and learning to make changes quickly.

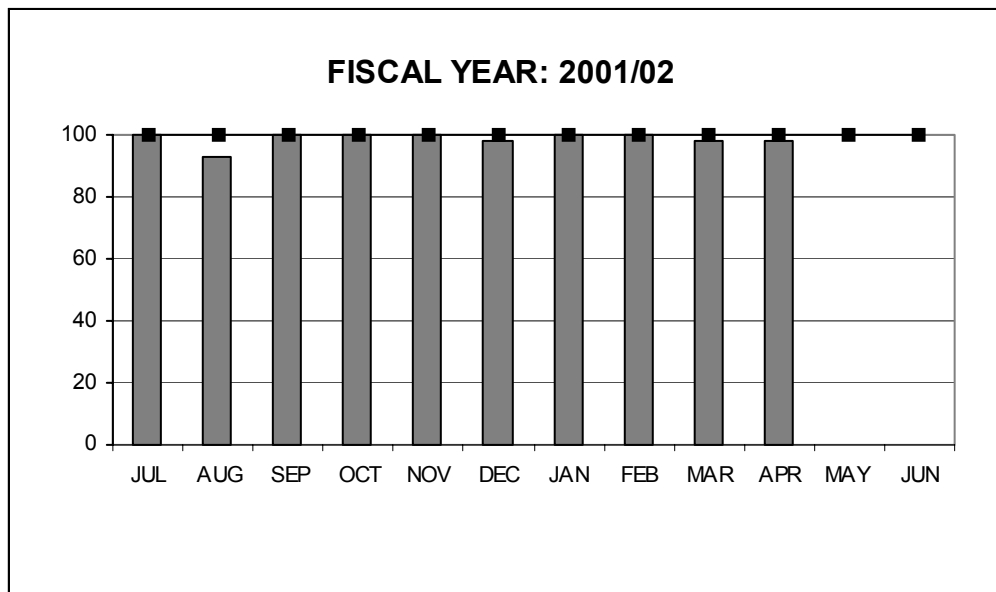
Within the division, we have 3 groups: the RAPP Team, CART Team and SMART Team. RAPP processes all new Disability applications which includes determining statute eligibility, medical eligibility and making the final decisions on whether or not a member is approved or disapproved to receive disability benefits. CART continuously reviews a member's condition every 1-4 years to ensure that we monitor our members conditions. If a member is no longer

disabled, then they are removed from the rolls and will no longer receive a disability benefit. Last, SMART handles legislation, executive reviews, controlled correspondence, START and Disability's computer systems.

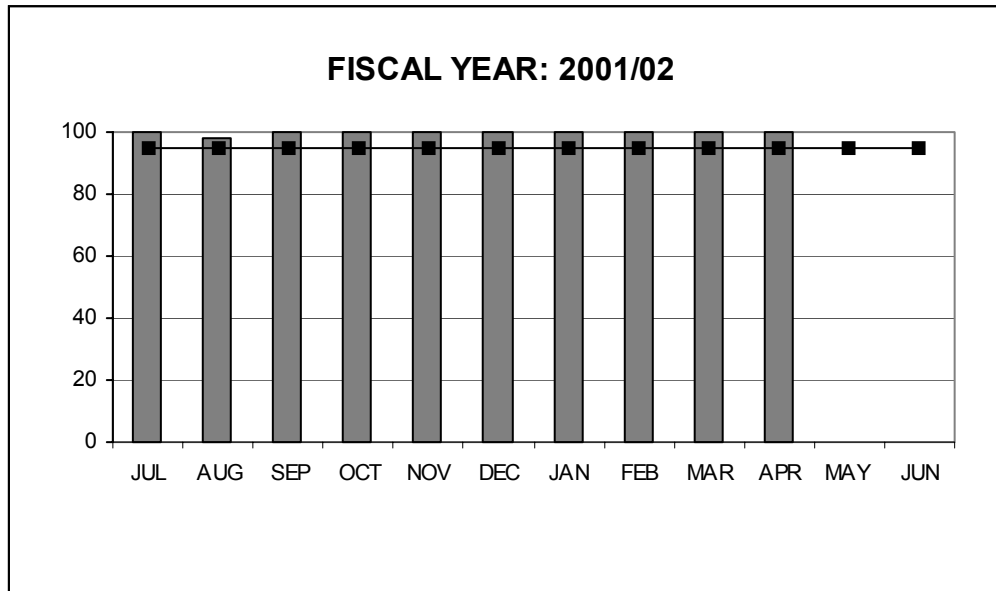
**A. Objectives/Timeframes**

The Disability Services Division has two primary objectives: first, to process 100% of eligible applications within 180 days of receipt, and second, to process 95% of approvals within 30 days from receipt of the last required document. To date in fiscal years 2001/2002, the Division stands at 98.2% for applications processed within 180 days, and 99.8% for approvals processed within 30 days. Over the last several years Disability has returned from being below these goals to either reaching or exceeding them.

**Goal 1:** Process 100% of eligible applications within 180 days of receipt.



**Goal 2:** Process 95% of approvals within 30 days from receipt of the last required document.



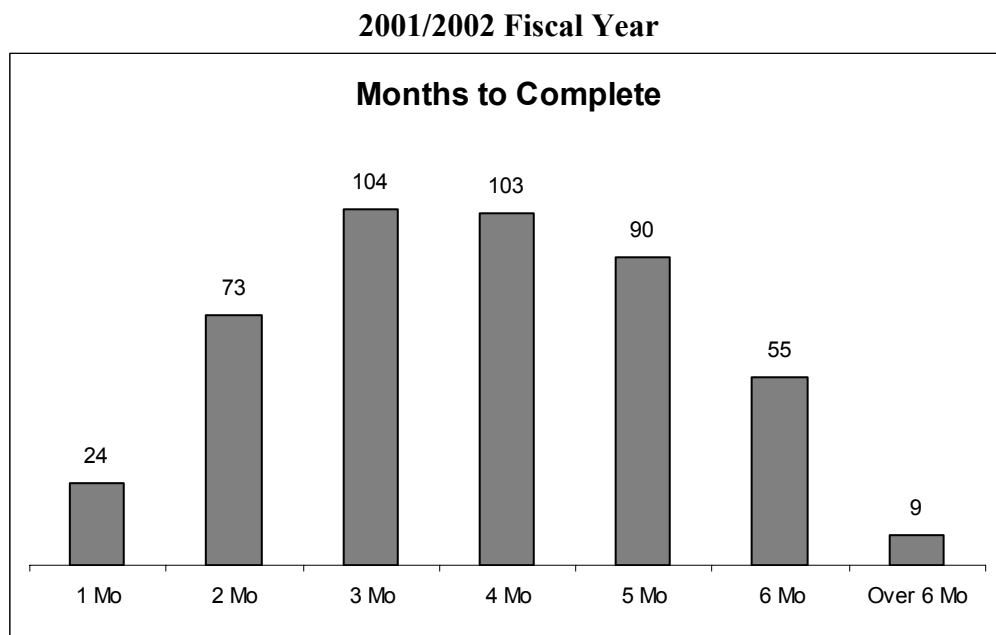
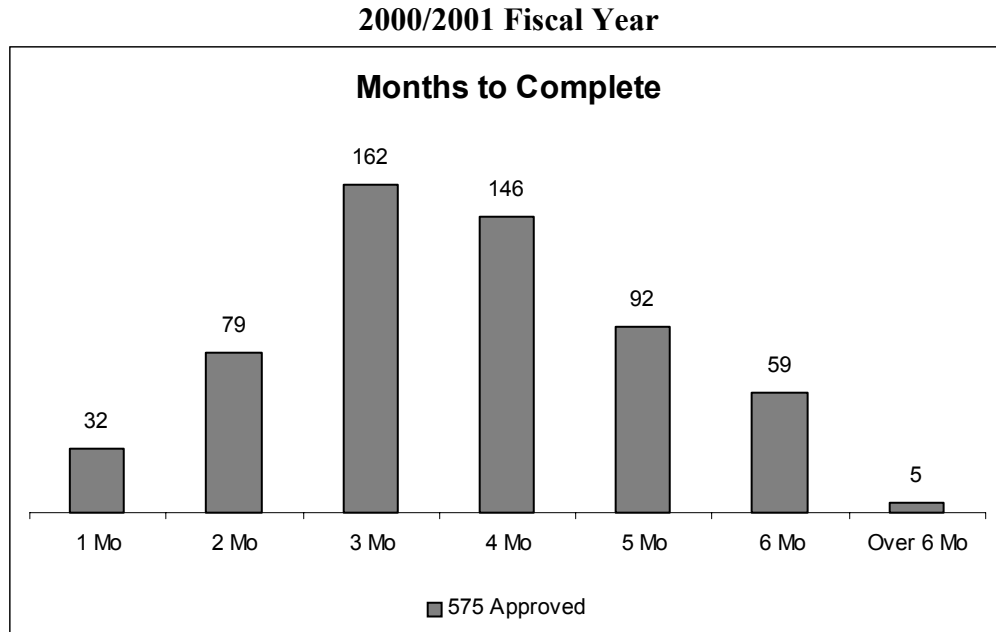
**B. Volumes**

On average, each year the Disability Services Division:

- Receives 600 new applications,
- Reviews 2,900 existing disability cases,
- Removes 40 disabilitants from the rolls,
- Has 30 members on active vocational rehabilitation at any one point in time, and
- Returns 17 members to comparable salary level.

**C. Status on Backlogs**

The Division is current on all case processing and has no workload backlogs. Each RAPP caseworker is assigned an average of 150 new cases/year and each CART caseworker reviews about 970 existing cases. Due to vacancies and learning curves for new staff, the average time to process initial reviews of new applications is shifting from three to four months, but is still within target processing goals.



**D. Causes/Challenges and Solutions**

Staff vacancies and new legislation continues to challenge the Disability Services Division. However, the DITO content management system and the associated reengineering of the Division's work processes has allowed Disability Services to process incoming workloads within target timeframes. Even during the conversion from our old system, IDMS, to START, Disability was able to maintain their service levels. This new workflow system will give us the ability to monitor existing work, produce detailed

reports, shift workloads between analysts and better service our members by having more immediate information available for us and other divisions.

Disability is planning on making changes along several fronts to further increase our service to our members. During the summer of 2002, we will be reorganizing our physical layout to complement improved teamwork. We will be creating a more open work environment to facilitate greater communication between staff. During the next fiscal year we hope to back file scan all the remaining paper documents in Disability. This will provide more immediate access to all disability documents, thus allowing us to quickly handle member inquiries while the members are on the phone. We are also working to reduce the number of forms required in Disability. It is our intention to make the applications and continuing qualifications processes as simple as possible so that the members do not have to endure any further hardship.

#### **E. Future Considerations**

The Disability Services Division has been working on a flow basis for the past several years. In order to maintain and continue to improve on this success story, we are looking into ways to better serve our members. We believe that our challenges lie in the following areas:

- Need for system integration between START and other existing/future systems.
- Partial Redeposits
- Unlawful intent deployment
- Ability to close the circle – Create an environment without silos of information.

It is also important to us that we begin to take notice of the change in demographics that is occurring. This change is not only in our membership, but within our own staff as well. Here are the areas that we would like to begin to understand:

- ABCs of XYNet – Understanding the younger internal staff.
- Members are aging, retiring and then returning to classroom. We may be seeing more members applying for disability due to aging in the classroom.
- Need a better understanding of what the younger teachers are expecting of us.

#### **IV. Services Division – Regional Counseling Services (RCS)**

Regional Counseling Services provides members with information on their individual CalSTRS benefits allowing for informed retirement planning decisions. Through approximately 80 part-time contract staff, members receive counseling services in the form of one-on-one interviews and various workshops designed to provide members with individualized retirement planning information. Headquarters staff provide the necessary counselor training and support to ensure members receive accurate and timely information.

##### **A. Objectives/Timeframes**

Current RCS goals are to provide 32,000 individual retirement interviews, 400 retirement workshops, and 80 group appointment workshops each fiscal year. In addition, RCS strives to ensure an eight-week maximum wait time for one-on-one appointments with retirement counselors. For the past two years, regional large group benefit overview workshops have been used to successfully address high demand areas and maintain access to individual interviews for members planning for a short-term retirement date.

##### **B. Volumes**

At this point in time, the one-on-one interview is our primary service delivery mechanism. During fiscal year 2000/2001, the regional counselors provided 31,934 individual interviews. Through April 30, 2002, they completed 26,263 interviews and are on track to meet or exceed last year's numbers for all three goals. As less resource-intensive service delivery options are implemented over the next several years, we expect the demand for one-on-one interviews to level off and possibly decline.

##### **C. Status on Backlogs**

As of April 30, 2002, 21 of 22 county contracting entities are within the eight-week goal for individual retirement interviews, with the final county within a twelve-week timeframe. This is a significant improvement over last fiscal year where many counties were experiencing long delays and members expressed considerable frustration in getting timely one-on-one counseling appointments. This improvement can be attributed to a combination of increased numbers of group appointment workshops, strategically placed large group benefit overview workshops, as well as placement of additional regional counselors authorized by the Board in October 2001.

##### **D. Causes/Challenges**

While Regional Counseling Services continues to make great strides in meeting members' retirement information and planning needs, staff expects increased member demand continuing into the future. As a direct result of benefit enhancements and legislative changes during the past three to four years, the demand for individual appointments as well as the average length of each appointment continues to grow.

CalSTRS' benefit complexity has significantly increased and members often feel compelled to attend more than one RCS workshop or appointment in order to fully understand their benefits and feel comfortable making an informed decision.

## **E. Solutions**

Several successful strategies implemented over the past year have contributed to timely member access to RCS services. These include:

- The addition of group appointment workshops and large group benefit overview workshops to the mix of RCS member services.
- Added clerical resource funding for county contracting entities. Not only are clerical staff are more readily available to receive member calls, they have been fairly successful in triaging members to the most appropriate RCS service to meet the member's needs. Members planning to retire this year, applying for disability services, or needing help choosing a retirement option are given top priority for one-on-one counseling services.

In addition, future strategies for further improvements include:

- Each fiscal year 2002/2003 counseling contract will require a minimum of four group appointment workshops per counselor full-time equivalent (FTE).
- Re-evaluation and development of member financial education offerings to ensure members fully understand their CalSTRS benefits and the lifetime retirement planning process. With appropriately timed educational opportunities throughout their careers, members should feel less compelled to attend every RCS workshop or appointment offering in an effort to feel comfortable with their final retirement planning decisions.
- Development of a phone interview pilot allowing members to avoid commuting to a counseling appointment location. One-on-one personal phone interviews will be conducted by trained counselors based upon retirement estimates prepared and mailed in advance. This service has been successfully implemented by Ohio STRS and has possible applications for CalSTRS. If the pilot is successful, the service will be expanded in the following fiscal year.
- Expanded RCS hours and locations. Many members prefer appointments before and/or after school. RCS staff are evaluating options for expanding member service into the evening hours at secure locations such as off-site hotel conference rooms.

## **F. Future Considerations**

During the 2002 peak retirement season, RCS has successfully met member demand for one-on-one counseling appointments within the target 8-week time frame. District "early outs" and other local issues, as well as future legislation will continue to stretch Regional

Counseling Services' ability to provide timely access to the current mix of services. Member demographics indicate the potential for a significant increase in member retirements over the next several years, further impacting our ability to meet member needs. Staff continue to pursue a variety of service delivery options to ensure excellent service to our members.

## **Services Division – Public Service Office (PSO)**

The Public Service Office is CalSTRS' primary point of contact with our members. This unit is responsible for answering a variety of customer inquiries ranging from simple documentation requests to questions about the rationale used in legal or executive decisions regarding the payment of benefits. The majority of customer inquiries are initiated through the CalSTRS automated call center. Customer service representatives (CSR) also respond to members' correspondence and an increasing volume of e-mail inquiries.

### **A. Objectives/Timeframes**

The PSO has five performance measures for fiscal year 2001/2002:

- Answer 95% of all incoming calls in three minutes or less.
- Answer 95% of calls on the first contact.
- Respond to 90% of correspondence within 10 working days.
- Respond to 75% of e-mails within three working days.
- Respond to 100% of e-mails within 10 working days.

In addition, staff closely monitors both busy messages – access to customer service representatives (CSRs) – and the abandon rate – caller tolerance for waiting in queue for a CSR.

### **B. Volumes**

Due primarily to START implementation and benefit enhancement legislation, volumes in all areas of customer access increased significantly during fiscal year 2001/2002.

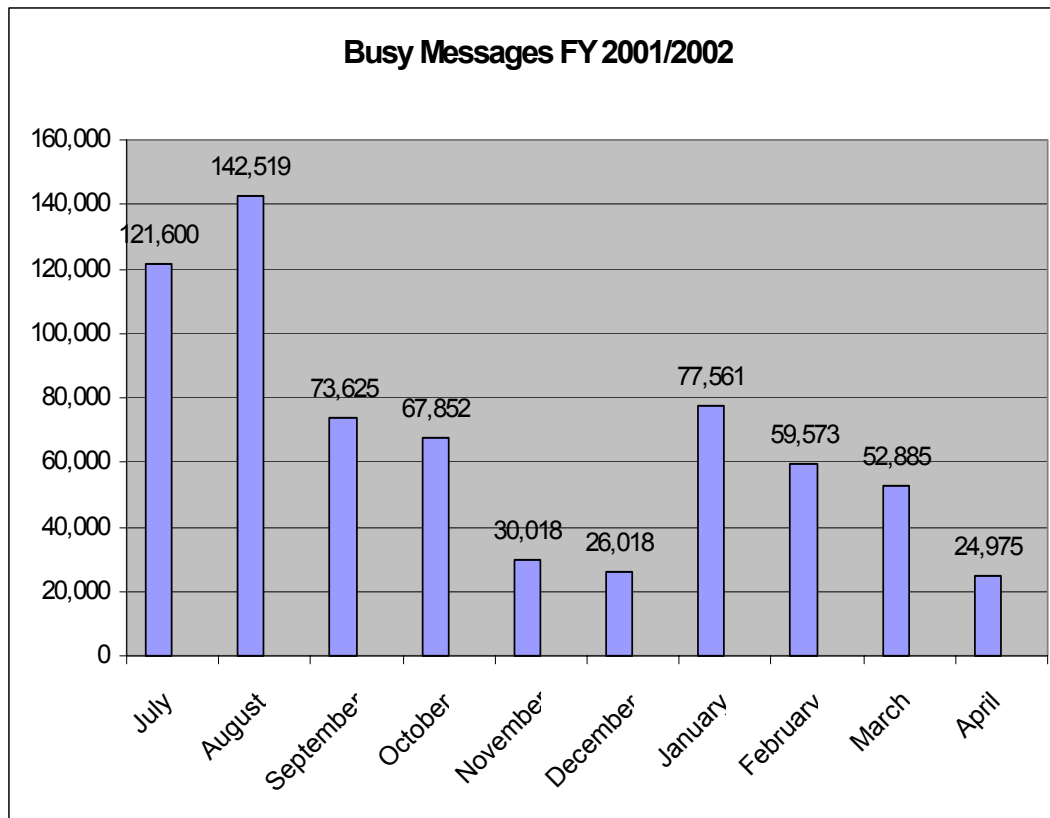
<b>Activity</b>	<b>FY 2000/2001</b>	<b>FY 2001/2002 (through April)</b>	<b>% Increase</b>
Avg. # Calls Answered by CSRs/Month	13,872	15,180	9.4%
Correspondence Received/Month	228	282	23.7%
E-Mails Received/Month	290	1,776	512.4%

Members continued to have difficulty accessing a customer service representative as measured by busy messages. Callers received an average of 43,880 busy messages per month in fiscal year 2000/2001, increasing to 67,663 through April of fiscal year

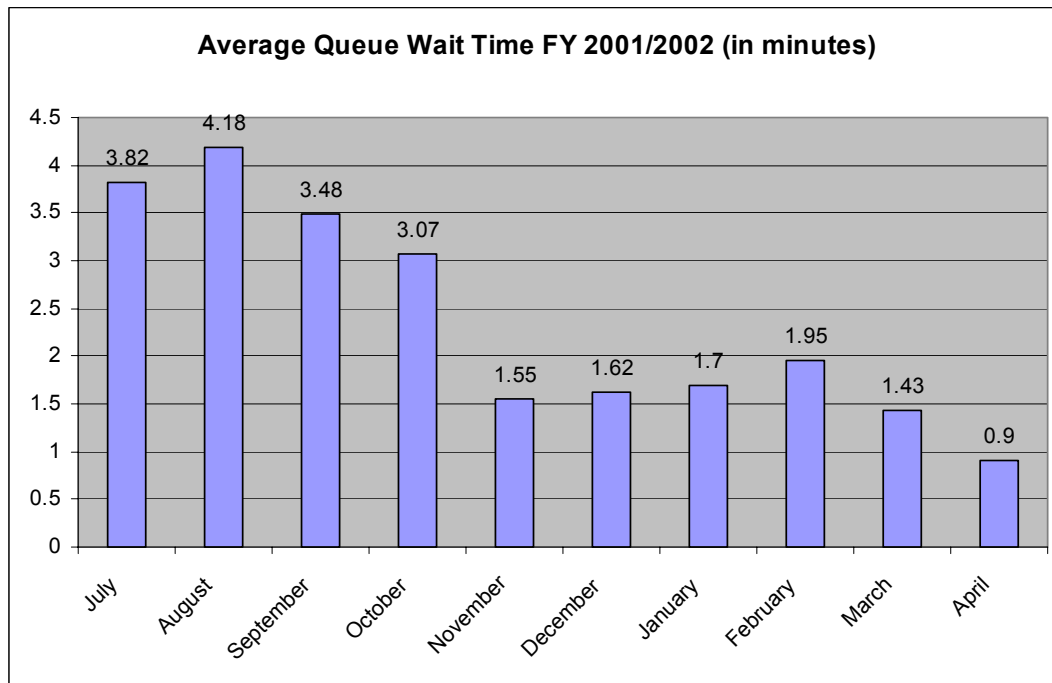
2001/2002. Abandons increased from 754/month to 924/month during the same time period.

### C. Status on Backlogs

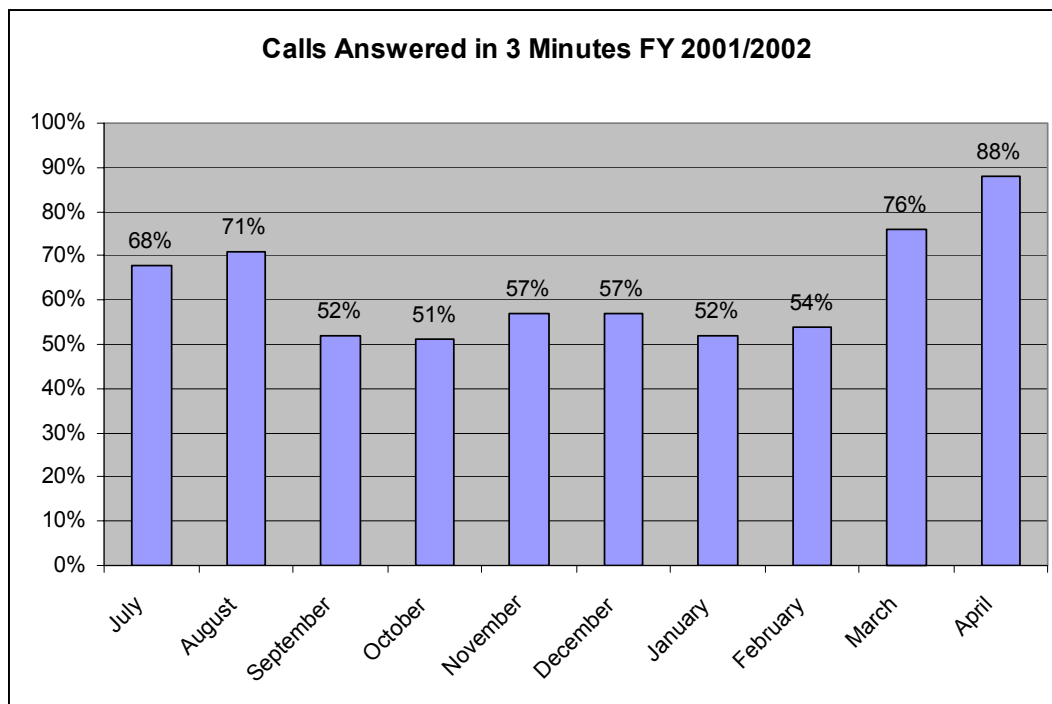
However, members have seen significant improvements in phone access and response times over the past several months. Busy messages have dropped dramatically as staff vacancies have been filled and the queue size was increased from five to ten slots. On April 16, 2002, staff doubled the number of callers who can wait in line to speak with a CSR, and expect to increase the queue again to 15 slots beginning June 1, 2002. This has a direct affect of decreasing busy messages and allowing members to choose whether to wait or hang up and call later.



Not only were busy messages significantly reduced, the PSO also reduced the average length of time a caller waits in this longer queue to speak to a CSR.



Even with the larger queue size, the PSO CSRs have been able to steadily increase the percentage of calls answered in three minutes.



E-mails and correspondence are not severely backlogged, although processing times are not yet within the target production goals. Overtime is used to ensure backlogs do not accumulate and we anticipate that the response times will be on a flow basis as we eliminate the benefit backlogs. The PSO's next task is to streamline these processes for more efficient processing.

- Various program areas developed backlogs of complex calls referred by the Public Service Office requiring additional research. Multiple requests were often made to address the same member's issue. This problem has now been addressed and each program is able to respond in a timely manner to resolve these issues and contact the member.
- Expand call center access by adding phone shifts between 5 p.m. and 8 p.m. each weekday evening.

#### **D. Causes/Challenges**

Many issues converged over the past two years to create member access issues in the Public Service Office.

- A significant amount of benefit enhancement legislation passed in the past two to three years increasing both the complexity and length of each telephone call.
- The conversion to START delayed the processing of benefits throughout the department triggering many calls, e-mails, and correspondence. Errors and problems occurred with each new system release causing many mass mailings to explain and correct benefit payments.
- When START was implemented in March 2001, the average call length immediately increased from four to six minutes, or by 50%, due to the additional keystrokes necessary complete each phone call. As the staff learning curve flattened, the average call length stabilized at 5.0 - 5.5 minutes.
- Due to START reprogramming, the IVR phone system self-help feature was unavailable from February through September 2001. The IVR feature usually takes approximately 12% of incoming calls forcing these calls into the CSR queue during those months.
- Staff attrition reached record numbers due to high stress levels, retirements, promotions, and departmental and statewide hiring freezes. Vacancy rates rose from the traditional 5-10% to as high as 35%.

## **E. Solutions**

Many strategies have been implemented over the past year to improve member access to the Public Service Office. These include:

- Extended daily phone shift for PSO CSRs from four to five hours.
- Used overtime to maintain e-mail and correspondence workload delayed due to longer daily phone schedules.
- Opened a short-term auxiliary call center staffed by temporary staff to handle Medicare-related calls and correspondence.
- Reestablished the auxiliary call center for 60 days in July/August 2001 to handle ad-hoc increase (AB 429) telephone calls.
- Hired 15 part-time students to help with phone calls and service credit billing requests.
- Redesigned the 800-number phone tree to allow for specialization and expansion of the call center into two separate locations.
- Established the Billing Services Unit (BSU) in the headquarters building creating the necessary space in the PSO to house students and fill the remaining civil service vacancies.
- Streamlined the training process for new CSRs and reduced training time by 25 – 50%.
- Placed articles in the CalSTRS Bulletin and Retired Educator explaining the high call volumes and giving members options such as e-mail, correspondence, and self-help features on the phone system.
- Temporarily redirected staff from other parts of CalSTRS to help with incoming e-mail volumes.
- Restructured staffing levels to improve recruitment and retention within the Public Service Office.
- Designed and implemented several START screen changes to reduce keystrokes for the most common phone calls.
- Hired and trained 20 new staff to fill vacancies and new positions administratively established by the Board in October 2001.

- Opened the queue size from five to 10 slots allowing for greater caller access to the CSRs and reducing member frustration with busy messages.

Future plans to continue these improvements include:

- Consider expanding the phone hours beyond 5:00 p.m.
- Complete hiring for remaining PSO vacancies.
- Open queue size to 15 slots and evaluate resulting impact to busy message and abandon rates.
- Continue overtime to improve response times for e-mails and correspondence.
- Utilize student staff full-time during their summer break to cover for staff vacations and further improve phone call response times.
- Streamline and automate e-mail processing to improve response times and keep up with ever-increasing incoming volumes.

#### **F. Future Considerations**

The Public Service Office made great strides over the past year to improve customer phone access to CalSTRS. However, imminent implementation of several complex benefit improvements including partial lump sum (AB 2456), creditable compensation (AB 2700), and state tax law conformity (AB 131, AB 1122, and SB 657) is expected to generate considerable member interest. Call, e-mail, and correspondence volumes could spike over the next few months causing further workload pressures. Accessibility to the PSO will be monitored carefully and resources adjusted to address the most pressing needs. Continued use of students and overtime as well as minimizing staff attrition will be keys to our success.

### **Services Division – Billing Services Unit (BSU)**

The Billing Services Unit calculates the costs for members wishing to purchase or buy back service credit. Types of service credit purchases include redeposits, non-member part time or substitute service, sabbatical leave, maternity or paternity leave, family care and medical leave, and nonqualified or airtime. BSU staff research purchase requests; calculate costs; establish the requests on the START system; and sort, stuff, and mail the resulting billing documents to the members.

#### **A. Objectives/Timeframes**

The BSU does not have a formal Board-directed performance measure. However, historically, staff processed all service credit billing requests on a 30-day flow basis. During the past 15 months, billings have necessarily been relegated to a lower priority in favor of phone and e-mail access for our members. Consequently, backlogs created

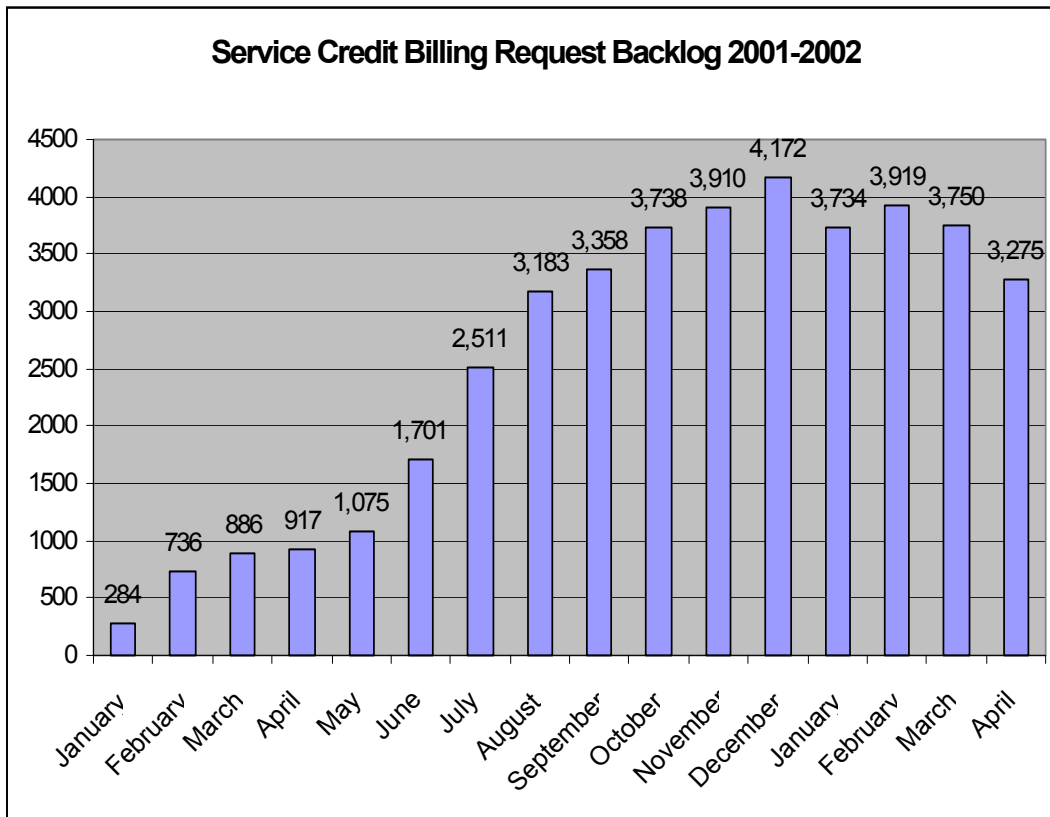
during the START downtime period in early 2001 have been exacerbated and become a major customer service issue for CalSTRS.

## **B. Volumes**

Benefit enhancement legislation has significantly increased member interest in service credit purchases. Members are very motivated to reach key service credit goals for enhanced retirement benefits and look to BSU staff to find the least expensive way to accomplish this. However, the resulting purchase costs are often surprisingly expensive and historically members only purchased approximately 30% of the billings they requested from BSU. Legislation to allow for partial service credit redeposits (AB 820) has provided for less costly purchases, and the purchase rate is now closer to 50%. Billing request volumes continue to rise and are expected to explode with the passage of AB 131 allowing rollover of 403(b), 457, and IRA contributions. Service credit purchase request volumes ranged from 400 to 1,133 per month over the past 22 months, and average around 700 to 850.

## **C. Status on Backlogs**

The service credit billing requests backlog rose steadily during 2001 and remained at 3,275 at the end of April 2002.



Current staffing and processes generally allow staff to address incoming volumes and work 200-300 backlog billings each month.

#### **D. Causes/Challenges**

Many issues contributed to this problem:

- As mentioned above, the service credit billings backlog began with the implementation of START and continued as a result of resource reprioritization for phone calls, e-mails, and correspondence.
- Benefit enhancement legislation increased member interest in purchasing service credit and AB 820 allowed this to be accomplished with less- expensive partial redeposits.
- Establishment of the Billing Services Unit in October 2001 provided dedicated resources for the workload, but it took several months to set up the unit in another building as well as hire and train the necessary staff. The statewide hiring freeze hit just as this unit was established and hiring was delayed for several weeks until a freeze exemption could be obtained.
- Key expertise and historical job knowledge was lost due to staff attrition. Virtually all of the BSU staff are new to CalSTRS and the learning curve continues to be quite steep.

#### **E. Solutions**

In anticipation of START downtime and upcoming legislative impacts, staff took several early steps to maximize the resources available. These include:

- Implementing website calculators for out-of-state, permissive, and air time service credit purchases. These calculators allow members to estimate the cost of various purchase options and determine whether they want to pursue a purchase before requesting a billing from the BSU.
- Hiring student assistants to offload administrative duties and allow permanent staff more time for production work.
- Adding two retired annuitants with key service credit billing expertise.

As the backlog grew over the first few months after START implementation, it became apparent that additional measures would be necessary to keep up with the service credit purchase workload. Subsequent interventions included:

- Establishing the Billing Services Unit and dedicating 10 staff, five retired annuitants, and four students to this function.
- Offering Saturday overtime every week that the START system is available.

- Requesting additional START functionality to reduce research time for the most complicated billing types.
- Streamlining BSU processes including development of electronic forms to reduce redundancy, improve accuracy, and decrease processing time.
- Borrowing billings-trained staff from other units to work overtime.

**F. Future Considerations**

Many other interventions are planned to address the backlog. These include providing additional website calculators, further process streamlining, requesting additional START functionality, redirecting PSO students who are able to work full time during the summer, and completing BSU staff training. While progress has been slower than hoped, these measures will help to make a significant impact on the backlog. However, passage of AB 131 has the potential to overwhelm this unit over the next few months and drastic measures are in order to meet the expected demand. A separate information item has been developed to explain these

**Individual Program Reports: Pages 1-7**

**Miscellaneous Items: Pages 8 - 9**

# CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

Page 1

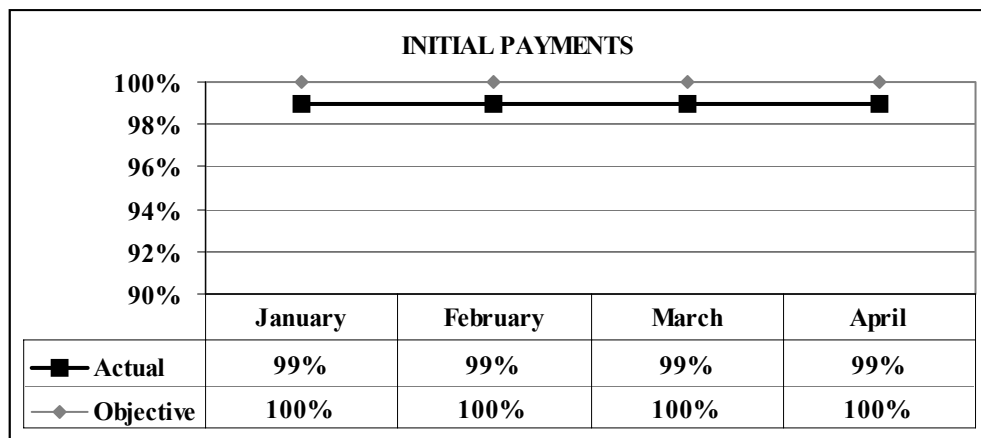
Attachment I  
Benefits & Services – Item 8  
June 6, 2002

## Service Retirements

**Objective** Process 100 percent of all service retirement application payments within 30 days of the retirement effective date or receipt of completed application, whichever is later.

**Application Volume Change** Plus 19 percent in comparison to same period last fiscal year.

**Baseline** FY 1998/99 actual: 99 percent

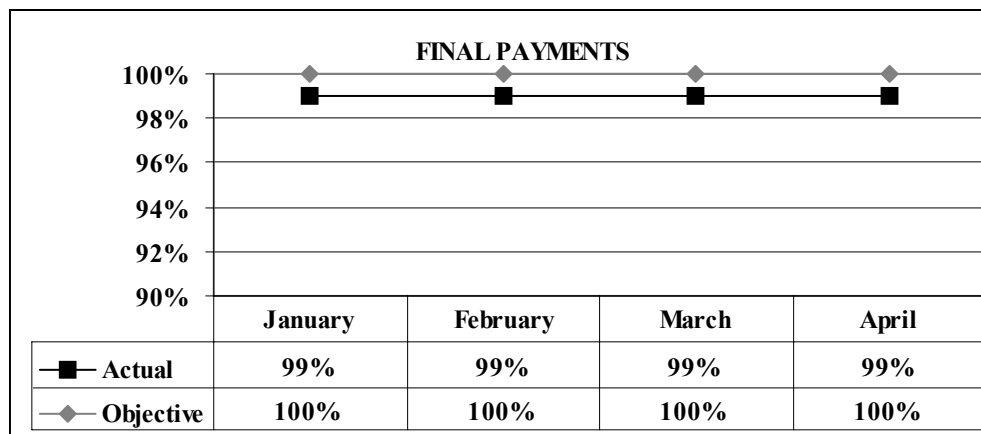


Year to Date Average: 99%

**Objective** Process 100 percent of all final service retirement payments within 45 days of receipt of all necessary information.

**Interest Payments** April 2002: 8 payments/\$114  
Current Year Cumulative:  
138 payments/\$3,624  
Current Year Monthly Average:  
13.8 payments/\$362  
Prior Year Monthly Average:  
27 payments/\$214

**Baseline** FY 1998/99 actual: 98 percent



Year to Date Average 99%

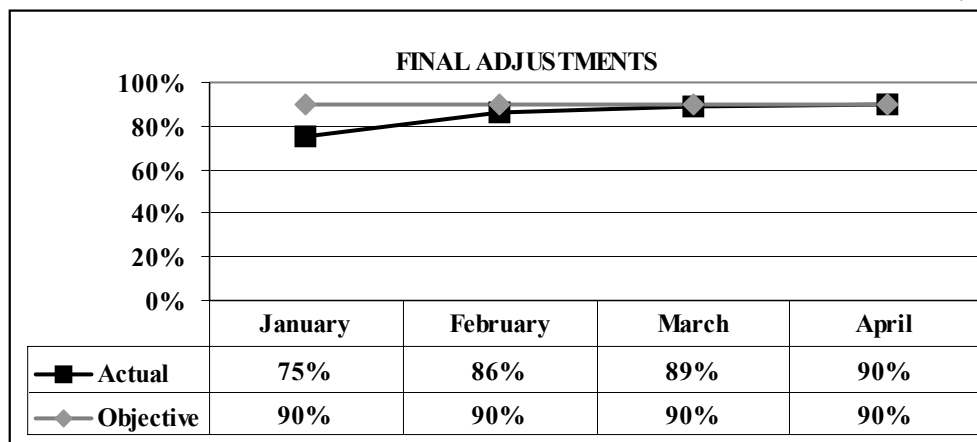
# CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

Page 2

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

## Service Retirements

**Objective** Finalize 90 percent of all payments within four months of the retirement effective date.



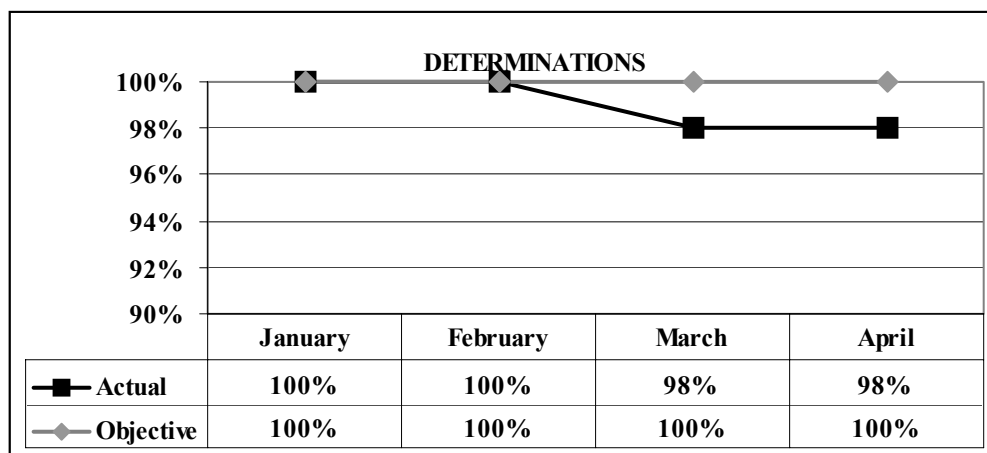
**Baseline** FY 1998/99 actual: 91 percent

**Year to Date Average:** 46%

## Disability

**Objective** Process 100 percent of all eligible applications within 180 days of receipt.

**Application Volume Change** Plus 12 percent in comparison to same period last fiscal year.



**Baseline** FY 1998/99 actual: 99 percent

**Year to Date Average:** 99%

# CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

Page 3

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

## Disability

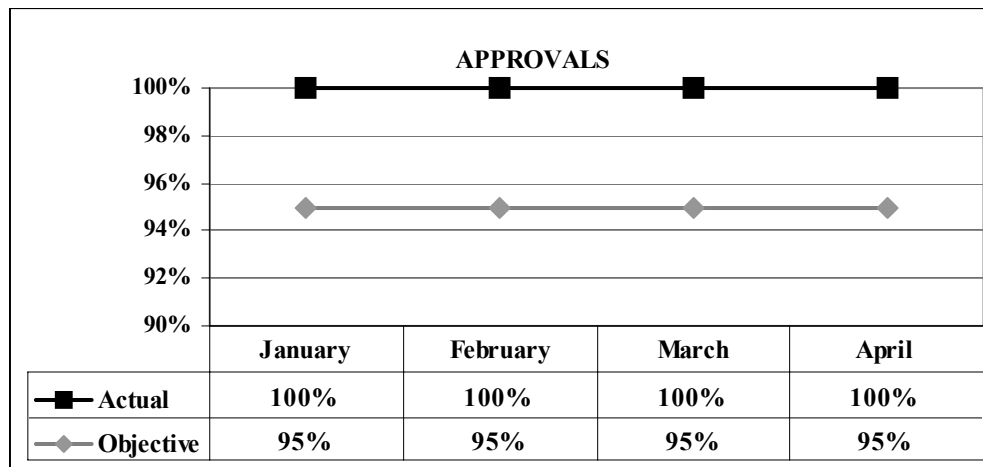
**Objective** Process 95 percent of all approvals within 30 days of receipt of all necessary information.

**Interest Payments** April 2002: None

Current Year Cumulative:  
None

Current Year Monthly Average:  
None

Prior Year Monthly Average:  
None



**Baseline** FY 1998/99 actual: 100 percent

**Year to Date Average:** 100%

## Survivor Benefits

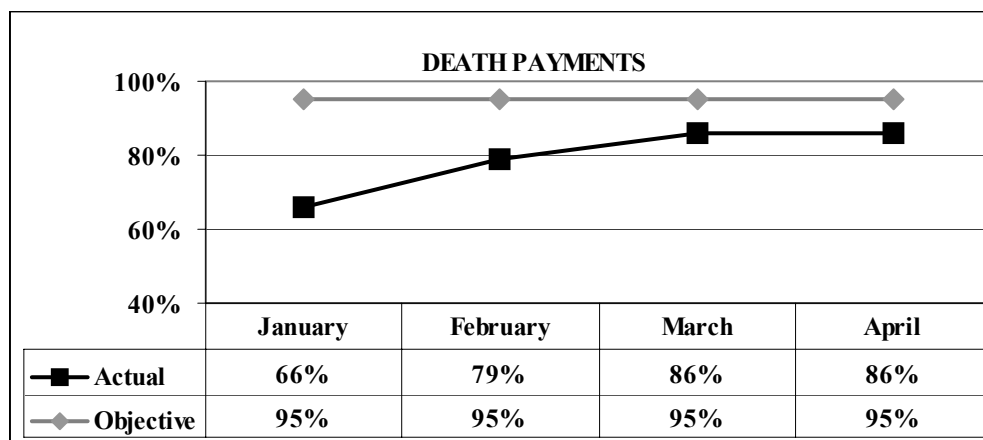
**Objective** Process 95 percent of all applications within 30 days of receipt of all necessary information.

**Interest Payments** April 2002: 67 Payments/\$3,962

Current Year Cumulative:  
1,797 payments/\$118,797

Current Year Monthly Average:  
180 payments/\$11,880

Prior Year Monthly Average:  
20 payments/\$705



**Baseline** FY 1998/99 actual: 97 percent

**Year to Date Average:** 69%

# CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

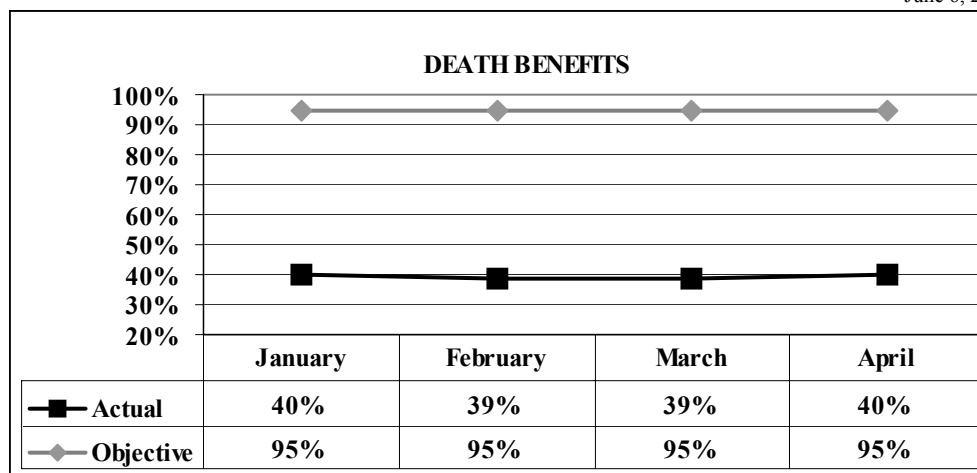
Page 4

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

## Survivor Benefits

### Objective

Complete 95 percent of all payments for retired members within 90 days of receipt of notification of death.



**Baseline** FY 1998/99 actual: 93 percent

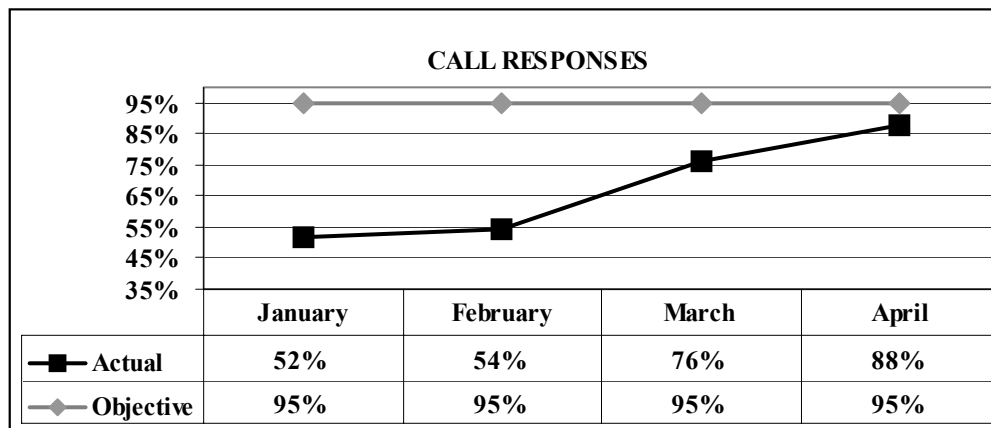
**Year to Date Average:** 40%

## Public Service

**Objective** Answer 95 percent of all calls in less than three minutes.

**Volume Change** 15.31 percent increase

**Notes** Average queue time: 54 seconds  
Longest queue wait: 17 minutes



**Baseline** FY 1998/99 actual: 94 percent  
FY 1996/97 Objective:  
75 percent in less than three minutes.

**Year to Date Average:** 58%

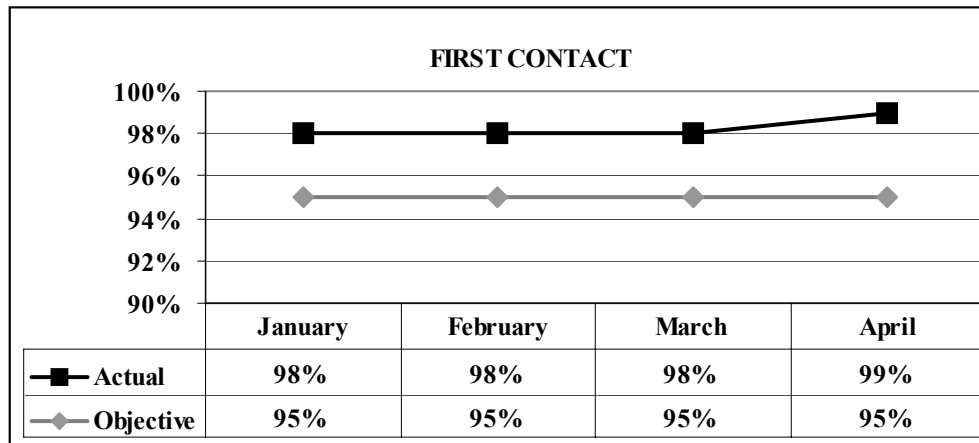
# **CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR**

Page 5

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

## **Public Service**

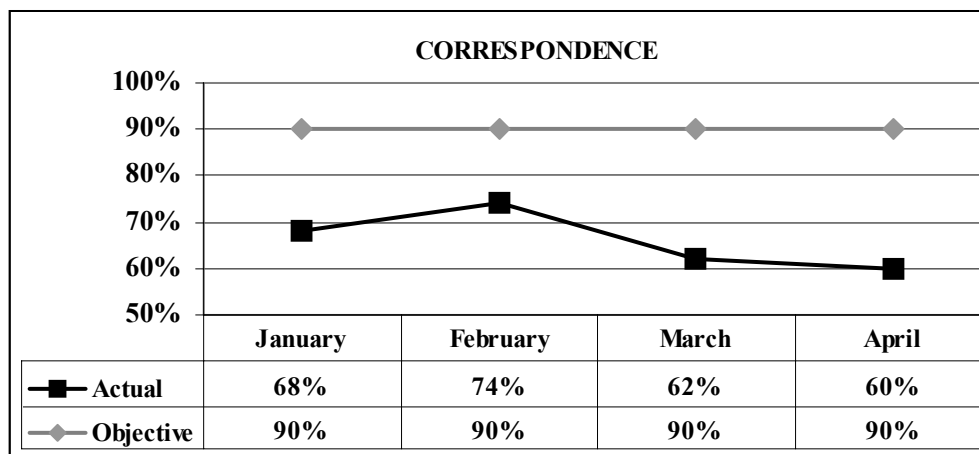
**Objective**      Answer 95 percent of all calls on the first contact.



**Baseline**      FY 1998/99 actual: 98 percent

**Year to Date Average: 97%**

**Objective**      Respond to 90 percent of all correspondence in ten working days.



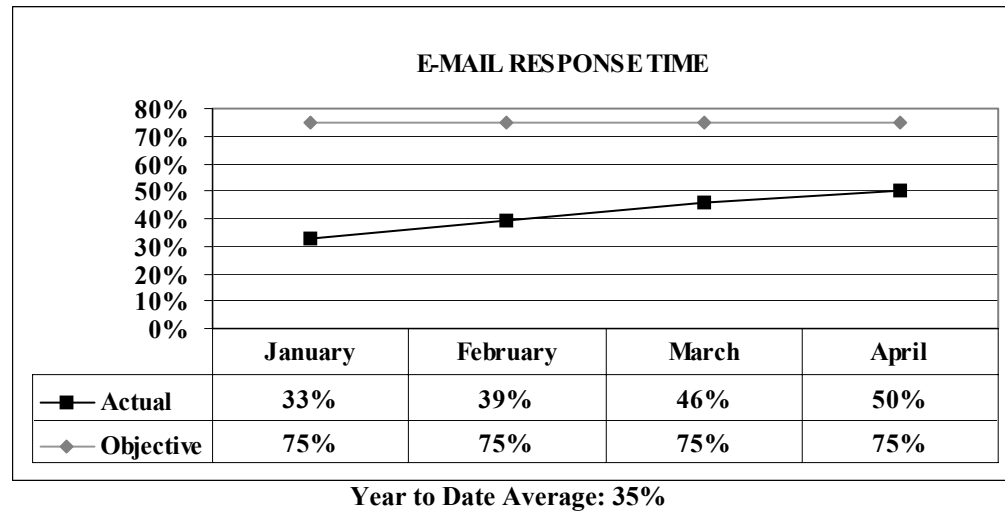
**Baseline**      FY 1998/99 actual: 94 percent

**Year to Date Average: 62%**

## CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

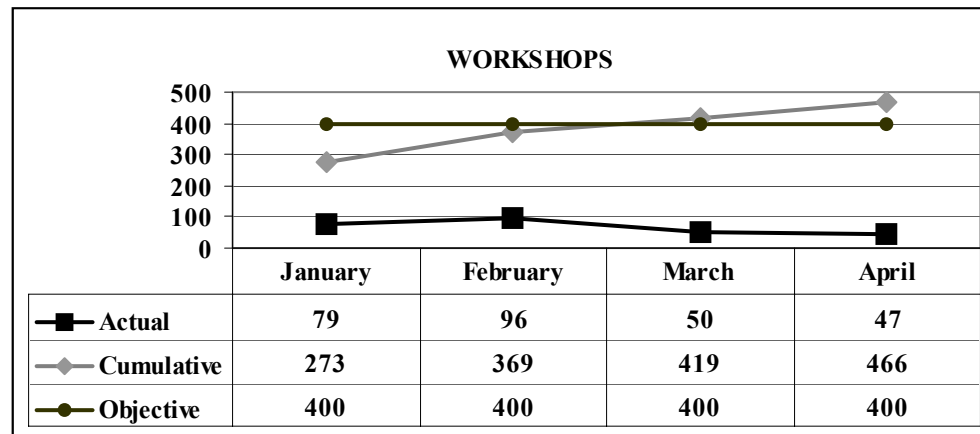
Attachment I  
Benefits & Services – Item 8  
June 6, 2002

**Objective**      Respond to 75% of e-mails within  
three working days



### Regional Counseling Services

**Objective**      Conduct 400 workshops



**Baseline**      FY 1998/99 actual: 491

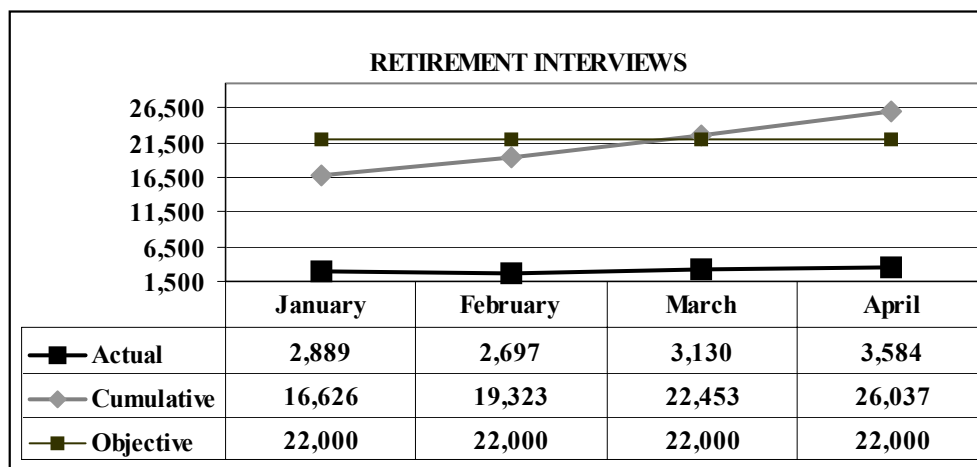
# CalSTRS PRODUCTION OBJECTIVES 2001-2002 FISCAL YEAR

Page 7

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

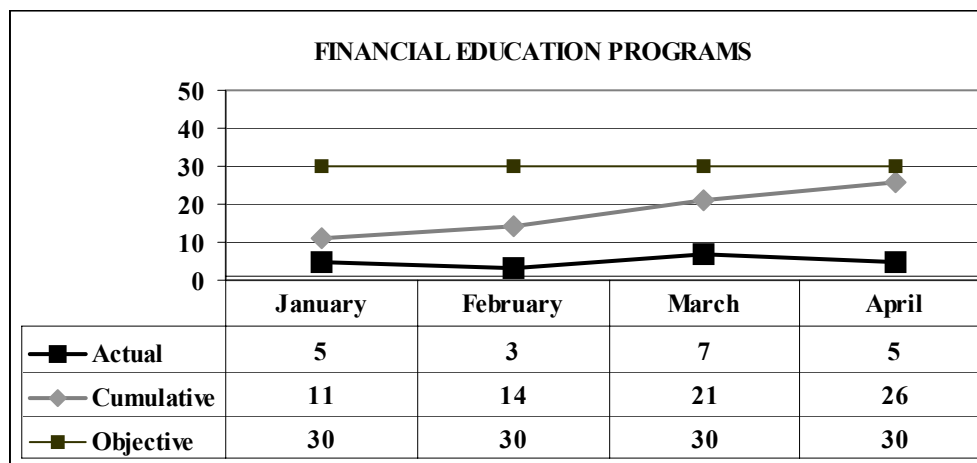
## Regional Counseling Services

**Objective** Provide 22,000 retirement interviews.



**Baseline** FY 1998/99 actual: 24,657

**Objective** Deliver 41 Financial Education Program to CalSTRS members.



**Baseline** FY 1998/99 actual: 32

**CalSTRS PRODUCTION OBJECTIVES  
2001-2002 FISCAL YEAR**

Page 8

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

**Miscellaneous**

**A. Outstanding Survivor Benefit Cases:**

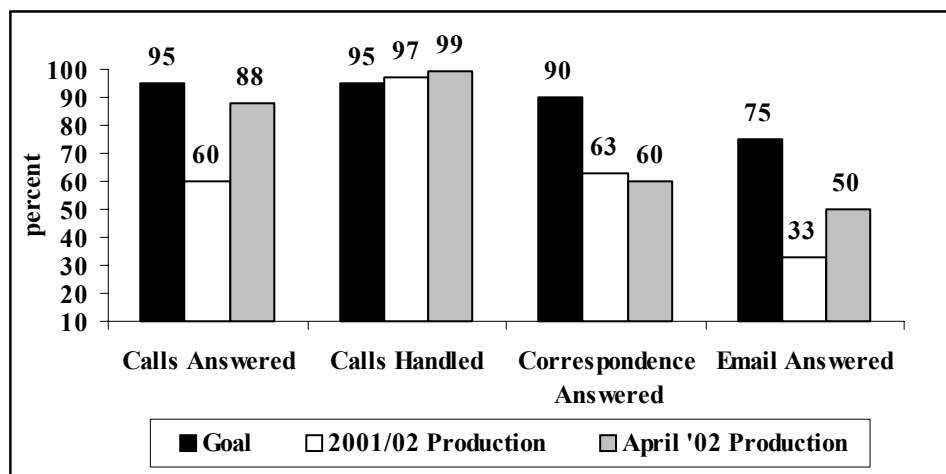
The Education Code requires a report to the Board on outstanding Survivor Benefit cases not paid within six months of the notification of death. As of April there were 50 exceeding this threshold. In March 2002, there were 584 cases beyond the six-month processing period, while in February there were 858 cases exceeding the six-month threshold.

**B. One-Year Final Compensation:** During the current fiscal year, no school districts have chosen to participate in this program.

**C. Golden Handshake:**

April - 2001                      29 districts / 159 participants  
April - 2002                      26 districts / 69 participants

**D. Telephone Center:**



CalSTRS PRODUCTION OBJECTIVES  
2001-2002 FISCAL YEAR

Page 9

Attachment I  
Benefits & Services – Item 8  
June 6, 2002

D. Telephone Center: (continued)

